

MAY 4 REC'D

CITY OF WILDWOOD,
FLORIDA

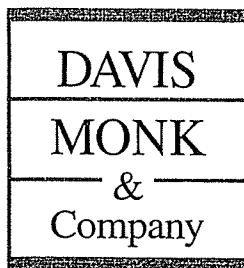
AUDIT REPORT

SEPTEMBER 30, 2008

**City of Wildwood, Florida
Audit Report
September 30, 2008**

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Independent Auditors' Report

The Honorable Mayor and
City Commissioners
City of Wildwood, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wildwood, Florida (the "City"), as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

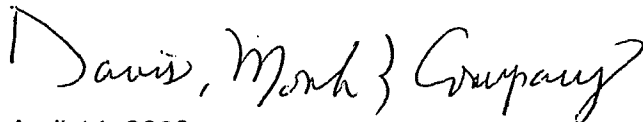
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the budgetary comparison schedule listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The information listed in the table of contents as "supplemental information", including the Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



April 14, 2009
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Wildwood's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with the City's financial statements, which follow this section.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the City's activities as a whole and fund financial statements that report on the City's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Assets. This statement includes all of the City's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net assets – the difference between assets and liabilities – can be used to measure the City's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net assets during the fiscal year. Over time, the increases or decreases in net assets are useful indicators of whether the City's financial health is improving or deteriorating. However, other non-financial factors, such as road conditions or changes in the tax base, must also be considered when assessing the overall health of the City.

In these statements, the City's activities are divided as follows:

- Governmental activities – Most of the City's basic services are reported here, including administration, police services, road and bridge, and maintenance. Taxes and charges for services finance most of these activities.
- Business-type activities – These activities are financed in whole or in part by fees charged to external parties for goods or services. The activities of the water and sewer system and industrial park are reported as business-type activities.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the City's funds.

- Governmental funds – The City's governmental funds are the General Fund, CDBG, Greenwood Cemetery and Law Enforcement Trust Funds. These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.
- Proprietary funds – The City's proprietary funds are the Utility and Industrial Park Funds. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

CONDENSED FINANCIAL INFORMATION

The following tables present condensed, government-wide data about net assets and changes in net assets.

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Non-capital assets	\$ 1,227,233	\$ 1,402,249	\$ 1,725,287	\$ 1,728,659	\$ 2,952,520	\$ 3,130,908
Capital assets	8,558,550	8,321,609	25,747,613	23,197,568	34,306,163	31,519,177
Total assets	9,785,783	9,723,858	27,472,900	24,926,227	37,258,683	34,650,085
Liabilities:						
Current liabilities	707,705	748,796	1,514,615	1,243,864	2,222,320	1,992,660
Long-term liabilities	2,216,806	2,379,878	9,428,652	8,955,751	11,645,458	11,335,629
Total liabilities	2,924,511	3,128,674	10,943,267	10,199,615	13,867,778	13,328,289
Net assets:						
Invested in capital assets, net of related debt	6,310,145	5,889,366	15,425,277	14,250,074	21,735,422	20,139,440
Restricted	29,897	27,042	-	-	29,897	27,042
Unrestricted	521,230	678,776	1,104,356	476,538	1,625,586	1,155,314
Total net assets	\$ 6,861,272	\$ 6,595,184	\$ 16,529,633	\$ 14,726,612	\$ 23,390,905	\$ 21,321,796

Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Program revenues:						
Charges for services	\$ 995,978	\$ 762,316	\$ 7,462,991	\$ 5,312,346	\$ 8,458,969	\$ 6,074,662
Operating grants & contributions	261,758	655,634	-	-	261,758	655,634
Capital grants & contributions	80,639	200,248	-	-	80,639	200,248
General revenues:						
Property taxes	1,045,112	952,419	-	-	1,045,112	952,419
Other taxes and shared revenues	2,155,038	2,122,886	-	-	2,155,038	2,122,886
Miscellaneous	607,990	464,903	358,178	-	966,168	464,903
Investment earnings	22,947	27,659	64,102	103,305	87,049	130,964
Transfers	1,136,896	600,697	(1,136,896)	(600,697)	-	-
Total revenues	6,306,358	5,786,762	6,748,375	4,814,954	13,054,733	10,601,716
Program expenses:						
General government	2,252,502	2,026,443	-	-	2,252,502	2,026,443
Public safety	1,856,002	1,663,008	-	-	1,856,002	1,663,008
Physical environment	9,446	2,196	-	-	9,446	2,196
Transportation	1,145,596	970,402	-	-	1,145,596	970,402
Economic environment	17,320	428,946	-	-	17,320	428,946
Culture and recreation	647,934	517,038	-	-	647,934	517,038
Interest on long-term debt	111,470	113,764	198,121	153,406	309,591	267,170
Utility	-	-	4,682,890	4,661,984	4,682,890	4,661,984
Industrial park	-	-	64,343	40,943	64,343	40,943
Total expenses	6,040,270	5,721,797	4,945,354	4,856,333	10,985,624	10,578,130
Change in net assets	266,088	64,965	1,803,021	(41,379)	2,069,109	23,586
Beginning net assets	6,595,184	6,530,219	14,726,612	14,767,991	21,321,796	21,298,210
Ending net assets	\$ 6,861,272	\$ 6,595,184	\$ 16,529,633	\$ 14,726,612	\$ 23,390,905	\$ 21,321,796

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$1,338,375 in program revenues and \$4,967,983 of general revenues, and incurred \$6,040,270 of program expenses. This resulted in a \$266,088 increase in net assets.

Business-type Activities

Revenues of the business-type activities were \$6,748,375 compared to expenses of \$4,945,354. This resulted in a \$1,803,021 increase in net assets.

THE CITY'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance decreased by \$114,431 from \$955,061 to \$840,630.

Utility

The Utility Fund's net assets increased by \$1,510,579 from \$14,607,859 to \$16,118,438.

BUDGETARY HIGHLIGHTS

There were changes between the original and final budgets for the General Fund primarily due to increased impact fees collection and increased County reimbursement for road work for revenues.

Revenues of the General Fund were under budgeted amounts. The largest variance between final budget amounts and actual results occurred because budgeted expenditures for which impact fee revenues are restricted did not occur as expected. Consequently, recognition of impact fees collected have been deferred to future periods.

General Fund expenditures were under budgeted amounts. This was generally due to the reserve for contingency not being utilized during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had significant construction activity during the year. Please refer to a note to the accompanying financial statements entitled *Capital Asset Activity* for more detailed information about the City's capital asset activity.

Debt Administration

Debt related to capital asset leasing for \$47,583 was executed during the year. Please refer to a note to the accompanying financial statements entitled *Long-term Obligations* for more detailed information about the City's long-term debt activity.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the City's financial position or results of operations.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact City Hall at 352-330-1330, Wildwood, Florida.

City of Wildwood, Florida
Statement of Net Assets
September 30, 2008

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Equivalents	\$ 765,725	\$ 1,061,396	\$ 1,827,121
Investments	-	185,149	185,149
Accounts Receivable	299,850	457,992	757,842
Internal Balances	42,724	(42,724)	-
Due From Other Governments	113,492	-	113,492
Inventory	5,442	-	5,442
Unamortized Debt Issuance Costs	-	63,474	63,474
Capital Assets:			
Non-Depreciable	1,292,143	2,757,952	4,050,095
Depreciable, Net	<u>7,266,407</u>	<u>22,989,661</u>	<u>30,256,068</u>
TOTAL ASSETS	<u>9,785,783</u>	<u>27,472,900</u>	<u>37,258,683</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	97,113	176,505	273,618
Customer Deposits	-	168,566	168,566
Unearned Revenue	259,593	128,859	388,452
Noncurrent Liabilities:			
Due Within One Year	350,999	1,040,685	1,391,684
Due in More Than One Year	<u>2,216,806</u>	<u>9,428,652</u>	<u>11,645,458</u>
TOTAL LIABILITIES	<u>2,924,511</u>	<u>10,943,267</u>	<u>13,867,778</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	6,310,145	15,425,277	21,735,422
Restricted:			
Law Enforcement Trust Fund	6,669	-	6,669
Greenwood Cemetary Fund	23,228	-	23,228
Unrestricted	<u>521,230</u>	<u>1,104,356</u>	<u>1,625,586</u>
TOTAL NET ASSETS	<u>\$ 6,861,272</u>	<u>\$ 16,529,633</u>	<u>\$ 23,390,905</u>

See accompanying notes.

City of Wildwood, Florida
Statement of Activities
For the Year Ended September 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES:							
General Government	\$ 2,252,502	\$ 757,639	\$ -	\$ -	\$ (1,494,863)	\$ -	\$ (1,494,863)
Public Safety	1,856,002	199,831	19,714	-	(1,636,457)	-	(1,636,457)
Physical Environment	9,446	7,225	-	-	(2,221)	-	(2,221)
Transportation	1,145,596	-	210,044	-	(935,552)	-	(935,552)
Economic Environment	17,320	-	-	21,339	4,019	-	4,019
Culture and Recreation	647,934	31,283	32,000	59,300	(525,351)	-	(525,351)
Interest on Long-Term Debt	111,470	-	-	-	(111,470)	-	(111,470)
TOTAL GOVERNMENTAL ACTIVITIES	6,040,270	995,978	261,758	80,639	(4,701,895)	-	(4,701,895)
BUSINESS-TYPE ACTIVITIES:							
Utility	4,881,011	7,462,991	-	-	-	2,581,980	2,581,980
Industrial Park	64,343	-	-	-	-	(64,343)	(64,343)
TOTAL BUSINESS-TYPE ACTIVITIES	4,945,354	7,462,991	-	-	-	2,517,637	2,517,637
TOTAL	\$ 10,985,624	\$ 8,458,969	\$ 261,758	\$ 80,639	(4,701,895)	2,517,637	(2,184,258)
GENERAL REVENUES:							
Property Taxes					1,045,112	-	1,045,112
Other Taxes					1,163,164	-	1,163,164
Shared Revenues					991,874	-	991,874
Investment Earnings					22,947	64,102	87,049
Miscellaneous					607,990	358,178	966,168
Transfers					1,136,896	(1,136,896)	-
TOTAL GENERAL REVENUES AND TRANSFERS					4,967,983	(714,616)	4,253,367
CHANGE IN NET ASSETS					266,088	1,803,021	2,069,109
NET ASSETS – BEGINNING OF YEAR					6,595,184	14,726,612	21,321,796
NET ASSETS – END OF YEAR					<u>\$ 6,861,272</u>	<u>\$ 16,529,633</u>	<u>\$ 23,390,905</u>

See accompanying notes.

City of Wildwood, Florida
Balance Sheet
Governmental Funds
September 30, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and Equivalents	\$ 723,422	\$ 42,303	\$ 765,725
Accounts Receivable	299,850	-	299,850
Due From Other Funds	55,130	-	55,130
Due From Other Governments	113,492	-	113,492
Inventory	5,442	-	5,442
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,197,336</u>	<u>\$ 42,303</u>	<u>\$ 1,239,639</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	\$ 97,113	\$ -	\$ 97,113
Due to Other Funds	-	12,406	12,406
Deferred Revenue	259,593	-	259,593
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>356,706</u>	<u>12,406</u>	<u>369,112</u>
<u>FUND BALANCES</u>			
Reserved For Inventory	5,442	-	5,442
Unreserved, Reported In:			
General Fund	835,188	-	835,188
Special Revenue Funds	-	29,897	29,897
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>840,630</u>	<u>29,897</u>	<u>870,527</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,197,336</u>	<u>\$ 42,303</u>	<u>\$ 1,239,639</u>

See accompanying notes.

City of Wildwood, Florida
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
September 30, 2008

FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	\$ 870,527
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not reported in the
governmental funds.

Capital Assets – Net	8,558,550
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Long-term liabilities are not reported in the governmental funds.

Bonds Payable	(2,063,920)
Capital Lease Obligations	(184,485)
Compensated Absences	<u>(319,400)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,861,272</u>
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See accompanying notes.

City of Wildwood, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2008

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Taxes	\$ 2,910,511	\$ -	\$ 2,910,511
Licenses and Permits	9,821	-	9,821
Intergovernmental	543,024	21,339	564,363
Charges for Services	930,801	-	930,801
Fines and Forfeitures	46,805	-	46,805
Miscellaneous	677,741	29,420	707,161
TOTAL REVENUES	<u>5,118,703</u>	<u>50,759</u>	<u>5,169,462</u>
<u>EXPENDITURES</u>			
Current:			
General Government	2,176,803	-	2,176,803
Public Safety	1,814,668	5,946	1,820,614
Physical Environment	-	9,446	9,446
Economic Environment	-	17,320	17,320
Transportation	1,185,785	-	1,185,785
Culture and Recreation	906,073	-	906,073
Debt Service:			
Principal	200,273	-	200,273
Interest	111,470	-	111,470
TOTAL EXPENDITURES	<u>6,395,072</u>	<u>32,712</u>	<u>6,427,784</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,276,369)</u>	<u>18,047</u>	<u>(1,258,322)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	1,145,503	(8,607)	1,136,896
Capital Leases	16,435	-	16,435
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,161,938</u>	<u>(8,607)</u>	<u>1,153,331</u>
NET CHANGE IN FUND BALANCES	(114,431)	9,440	(104,991)
FUND BALANCES – BEGINNING OF YEAR	<u>955,061</u>	<u>20,457</u>	<u>975,518</u>
FUND BALANCES – END OF YEAR	<u>\$ 840,630</u>	<u>\$ 29,897</u>	<u>\$ 870,527</u>

See accompanying notes.

City of Wildwood, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended September 30, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	\$ (104,991)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.

Acquisitions of Capital Assets	657,938
Current Year Depreciation Expense	(420,997)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes current financial resources, but neither transaction has any effect on net assets.

Capital Leases	(16,435)
Principal Payments	200,273

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(49,700)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 266,088</u>
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See accompanying notes.

City of Wildwood, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2008

	<u>Utility Fund</u>	<u>Other Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<u>CURRENT ASSETS</u>			
Cash and Equivalents	\$ 887,224	\$ 174,172	\$ 1,061,396
Investments	185,149	-	185,149
Accounts Receivable	457,992	-	457,992
	<hr/>	<hr/>	<hr/>
TOTAL CURRENT ASSETS	1,530,365	174,172	1,704,537
	<hr/>	<hr/>	<hr/>
<u>NONCURRENT ASSETS</u>			
Unamortized Debt Issuance Costs	63,474	-	63,474
Capital Assets, Net	25,510,590	237,023	25,747,613
	<hr/>	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	25,574,064	237,023	25,811,087
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	27,104,429	411,195	27,515,624
	<hr/>	<hr/>	<hr/>
<u>CURRENT LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	176,505	-	176,505
Customer Deposits	168,566	-	168,566
Due to Other Funds	42,724	-	42,724
Unearned Revenue	128,859	-	128,859
Current Portion of Long-Term Liabilities	1,040,685	-	1,040,685
	<hr/>	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	1,557,339	-	1,557,339
	<hr/>	<hr/>	<hr/>
NONCURRENT LIABILITIES	9,428,652	-	9,428,652
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	10,985,991	-	10,985,991
	<hr/>	<hr/>	<hr/>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	15,188,254	237,023	15,425,277
Unrestricted	930,184	174,172	1,104,356
	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS	<u>\$ 16,118,438</u>	<u>\$ 411,195</u>	<u>\$ 16,529,633</u>

See accompanying notes.

City of Wildwood, Florida
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2008

	Utility Fund	Other Enterprise Fund	Total Enterprise Funds
<u>OPERATING REVENUES</u>			
User Fees	\$ 7,462,991	\$ -	\$ 7,462,991
<u>OPERATING EXPENSES</u>			
Personal Services	1,872,206	-	1,872,206
Operating Expenses	1,687,676	57,201	1,744,877
Depreciation and Amortization	1,123,008	7,142	1,130,150
TOTAL OPERATING EXPENSES	4,682,890	64,343	4,747,233
OPERATING INCOME (LOSS)	2,780,101	(64,343)	2,715,758
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Sale of Land	-	358,178	358,178
Investment Earnings	64,102	-	64,102
Interest Expense	(198,121)	-	(198,121)
TOTAL NONOPERATING REVENUES (EXPENSES)	(134,019)	358,178	224,159
INCOME BEFORE TRANSFERS	2,646,082	293,835	2,939,917
TRANSFERS OUT	(1,135,503)	(1,393)	(1,136,896)
CHANGE IN NET ASSETS	1,510,579	292,442	1,803,021
NET ASSETS – BEGINNING OF YEAR	14,607,859	118,753	14,726,612
NET ASSETS – END OF YEAR	<u>\$ 16,118,438</u>	<u>\$ 411,195</u>	<u>\$ 16,529,633</u>

See accompanying notes.

City of Wildwood, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2008

	Utility Fund	Other Enterprise Fund	Total Enterprise Funds
<u>OPERATING ACTIVITIES</u>			
Receipts From Customers	\$ 7,503,087	\$ -	\$ 7,503,087
Payments to Suppliers	(1,716,586)	(57,201)	(1,773,787)
Payments to Employees	(1,869,806)	-	(1,869,806)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,916,695</u>	<u>(57,201)</u>	<u>3,859,494</u>
<u>NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers Out	(1,135,503)	(1,393)	(1,136,896)
Transactions with Other Funds	31,245	(150,000)	(118,755)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,104,258)</u>	<u>(151,393)</u>	<u>(1,255,651)</u>
<u>CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisitions of Capital Assets	(3,603,302)	-	(3,603,302)
Proceeds from SRF Loan	1,406,575	-	1,406,575
Principal Paid on Debt	(856,902)	-	(856,902)
Interest Paid on Debt	(175,665)	-	(175,665)
Proceeds from Sale of Land	-	375,000	375,000
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,229,294)</u>	<u>375,000</u>	<u>(2,854,294)</u>
<u>INVESTING ACTIVITIES</u>			
Interest Received	64,102	-	64,102
Acquisition of Investments	(9,716)	-	(9,716)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>54,386</u>	<u>-</u>	<u>54,386</u>
CHANGE IN CASH AND EQUIVALENTS	(362,471)	166,406	(196,065)
CASH AND EQUIVALENTS – BEGINNING OF YEAR	<u>1,249,695</u>	<u>7,766</u>	<u>1,257,461</u>
CASH AND EQUIVALENTS – END OF YEAR	<u>\$ 887,224</u>	<u>\$ 174,172</u>	<u>\$ 1,061,396</u>
OPERATING INCOME (LOSS)	\$ 2,780,101	\$ (64,343)	\$ 2,715,758
Depreciation and Amortization	1,123,008	7,142	1,130,150
Change In:			
Receivables	(74,141)	-	(74,141)
Payables	(28,910)	-	(28,910)
Deferred Revenue	104,797	-	104,797
Compensated Absences	2,400	-	2,400
Customer Deposits	9,440	-	9,440
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,916,695</u>	<u>\$ (57,201)</u>	<u>\$ 3,859,494</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Borrowing Under Capital Lease	\$ 31,148	\$ -	\$ 31,148
Interest Expense on Construction Loan Capitalized	\$ 52,648	\$ -	\$ 52,648

See accompanying notes.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Wildwood, Florida (the "City"), conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The City is a Florida municipality established under the Laws of Florida, Chapter 9950(1923), with an elected mayor and four elected City Commissioners.

As required by generally accepted accounting principles, the accompanying financial statements present the City as a primary government. Component units are entities for which a primary government is considered to be financially accountable.

The City is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The City may also be financially accountable for governmental organizations that are fiscally dependent on it.

Blended component units, although legally separate entities, are in substance part of the City's operations and, accordingly, data from these units are combined with data of the City. There is one blended component unit included in the City's reporting entity: the Wildwood Community Redevelopment Agency, a dependent special district established by resolution pursuant to the authority provided in Chapter 163, Florida Statutes. The City Commissioners also serve as the governing board of the Redevelopment Agency. Separate financial statements of the Redevelopment Agency are not available.

Discretely presented component units, on the other hand, would be reported in separate columns to emphasize that they are legally separate from the City. There are no discretely presented component units included in the City's financial reporting entity.

The City did not participate in any joint ventures during the 2007 - 2008 fiscal year.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: charges for services that are directly related to a given function; and grants and contributions that

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements, but all nonmajor funds are aggregated and displayed in a single column. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The City reports the following major governmental fund:

General Fund – the primary operating fund, used to account for all activities except those required to be accounted for in another fund.

The City reports the following major enterprise fund:

Utility Fund – to account for the activities of the City-owned water, sewer and refuse system.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Certain intergovernmental revenues constitute the most significant sources of revenue considered susceptible to accrual. In governmental funds, expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Application of FASB Pronouncements

For its enterprise funds, the City applies all applicable GASB pronouncements. Additionally, the City applies pronouncements of the FASB and its predecessor bodies issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purpose of the Statement of Cash Flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments consist of certificates of deposit, stated at cost.

Accounts Receivable

Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Utility Fund are net of a \$37,993 allowance.

Inventory

Inventory is valued at cost under the first-in, first-out method and is accounted for using the consumption method. An offsetting "reserve" is reported in the fund financial statements to indicate that inventories do not represent "available spendable resources".

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets which are recorded at fair value at the date of contribution. The City uses a capitalization threshold of \$30,000 for infrastructure and \$750 for all other classes of capital assets.

In accordance with GASB Statement No. 34, the City has elected to report general infrastructure prospectively, effective October 1, 2003.

Depreciation of capital assets is provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Buildings and improvements	20 - 40
Furniture, equipment and vehicles	7 - 10
Water and sewer distribution system	20 - 40

For its business-type activities, the City's policy is to capitalize construction period interest costs on projects funded specifically through debt financing. Interest costs capitalized during 2008 totaled \$52,648.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

The City's policy is to allow limited vesting of employee vacation pay and sick leave. A liability for accrued compensated absences of employees of the governmental funds has been accrued. Since this liability will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. A liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements.

Property Taxes

Details of the City's tax calendar are presented below:

Lien Date	January 1
Levy Date	October 1
Discount Period	November - February
No Discount Period	March
Delinquent Date	April 1

Operating Revenues and Expenses

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted Net Assets

In the accompanying statements of net assets, *restricted net assets* are subject to restrictions beyond the City's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation.

The statement of net assets reports \$23,228 of net assets restricted by enabling legislation.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance Reserves

In the accompanying balance sheet, reserves represent portions of fund balances which cannot be appropriated for expenditure or which have been legally restricted for specific future uses.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Debt Issuance Costs

Debt issuance costs are amortized over the repayment term of the related debt on a straight-line basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions

The City's deposits, including certificates of deposit, are with qualified public depositories and are entirely insured or collateralized pursuant to the Florida Public Deposits Act.

Investments

Pursuant to the provisions of Section 218.415, Florida Statutes, the City has adopted a written investment plan governing the investment of its excess public funds. In accordance with the plan, the City's excess public funds are invested in certificates of deposit in qualified public depositories.

NOTE 3 – INTERFUND BALANCES AND TRANSFERS

At September 30, 2008, interfund balances are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 55,130	\$ -
Other Governmental Funds	-	12,406
Utility Fund	-	42,724
Total	<u>\$ 55,130</u>	<u>\$ 55,130</u>

Interfund balances occurred during the normal course of operations. It is the intent of the City to repay these balances within the next year.

Interfund transfers for the year ended September 30, 2008 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,145,503	\$ -
Other Governmental Funds	-	8,607
Utility Fund	-	1,135,503
Other Enterprise Fund	-	1,393
Total	<u>\$ 1,145,503</u>	<u>\$ 1,145,503</u>

The interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2008

NOTE 4 – CAPITAL ASSET ACTIVITY

During the year ended September 30, 2008, the following changes in capital assets occurred:

	Balance October 1, 2007	Increases	Decreases	Balance September 30, 2008
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land and Improvements	\$ 1,292,143	\$ -	\$ -	\$ 1,292,143
Capital Assets, Being Depreciated:				
Buildings and Improvements	7,242,517	335,126	-	7,577,643
Furniture and Equipment	2,334,243	230,869	-	2,565,112
Infrastructure	-	91,943	-	91,943
Total Capital Assets, Being Depreciated	9,576,760	657,938	-	10,234,698
Less Accumulated Depreciation for:				
Buildings and Improvements	1,465,171	185,333	-	1,650,504
Furniture and Equipment	1,082,123	233,365	-	1,315,488
Infrastructure	-	2,299	-	2,299
Total Accumulated Depreciation	2,547,294	420,997	-	2,968,291
Total Capital Assets Being Depreciated, Net	7,029,466	236,941	-	7,266,407
Governmental Activities Capital Assets, Net	\$ 8,321,609	\$ 236,941	\$ -	\$ 8,558,550
	Balance October 1, 2007	Increases	Decreases	Balance September 30, 2008
<u>Business-type Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,372,368	\$ -	\$ 16,822	\$ 1,355,546
Construction in Progress	4,877,162	3,482,759	6,957,515	1,402,406
Total Capital Assets, Not Being Depreciated	6,249,530	3,482,759	6,974,337	2,757,952
Capital Assets, Being Depreciated:				
Buildings and Improvements	23,061,388	7,010,158	-	30,071,546
Machinery and Equipment	3,250,636	151,696	-	3,402,332
Plant Assets and Equipment	868,628	-	-	868,628
Total Capital Assets, Being Depreciated	27,180,652	7,161,854	-	34,342,506
Less Accumulated Depreciation for:				
Building and Improvements	8,031,969	813,742	-	8,845,711
Machinery and Equipment	1,804,990	285,282	-	2,090,272
Plant Assets and Equipment	395,655	21,207	-	416,862
Total Accumulated Depreciation	10,232,614	1,120,231	-	11,352,845
Total Capital Assets Being Depreciated, Net	16,948,038	6,041,623	-	22,989,661
Business-type Activities Capital Assets, Net	\$ 23,197,568	\$ 9,524,382	\$ 6,974,337	\$ 25,747,613

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2008

NOTE 4 – CAPITAL ASSET ACTIVITY

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 86,275
Public Safety	114,668
Transportation	52,699
Culture and Recreation	167,355
Total Depreciation Expense – Governmental Activities	<u>\$ 420,997</u>
Business-type Activities:	
Utility	\$1,113,089
Industrial Park	7,142
Total Depreciation Expense – Business-type Activities	<u>\$1,120,231</u>

NOTE 5 – LONG-TERM OBLIGATIONS

Governmental Activities

	Balance October 1, <u>2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2008</u>	Due Within One Year
Capital Improvement Revenue					
Bonds	\$ 2,189,651	\$ -	\$ 125,731	\$ 2,063,920	\$ 126,971
Capital Lease Obligations	242,592	16,435	74,542	184,485	77,628
Compensated Absences	269,700	194,200	144,500	319,400	146,400
Total	<u>\$ 2,701,943</u>	<u>\$ 210,635</u>	<u>\$ 344,773</u>	<u>\$ 2,567,805</u>	<u>\$ 350,999</u>

Business-type Activities

	Balance October 1, <u>2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2008</u>	Due Within One Year
Revenue Bonds	\$ 620,000	\$ -	\$ 145,000	\$ 475,000	\$ 150,000
Less: Unamortized Loss on Refunding	5,544	-	4,311	1,233	-
Net Bond Principal Outstanding	614,456	-	140,689	473,767	150,000
FDEP Revolving Fund Loans	8,347,902	1,459,223	497,864	9,309,261	642,779
Capital Lease Obligations	722,199	31,148	214,038	539,309	180,506
Compensated Absences	144,600	111,000	108,600	147,000	67,400
Total	<u>\$ 9,829,157</u>	<u>\$ 1,601,371</u>	<u>\$ 961,191</u>	<u>\$ 10,469,337</u>	<u>\$ 1,040,685</u>

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2008

NOTE 5 – LONG-TERM OBLIGATIONS

Governmental Activities

Series 2000 Capital Improvement Revenue Bond, payable in annual installments of \$86,878 through September 1, 2040. The interest rate is 4.75% and payments are payable from telecommunications and sales tax revenues.

\$ 1,414,740

Series 2000A Capital Improvement Revenue Bond, payable in annual installments of \$34,752 through September 1, 2040. The interest rate is 5.00% and payments are payable from telecommunications and sales tax revenues.

549,180

Series 2002A Capital Improvement Revenue Note, interest payable at 3.72% is made in quarterly installments with a \$100,000 principal payment due during March of each year. This note matures in March of 2009.

78
100,000

Total

\$ 2,063,920

Business-type Activities

Revenue Bonds

Series 1999 Water and Sewer Refunding Bond, payable in annual installments of \$170,891 through November 1, 2010. The bond's covenants require that net revenue be sufficient to cover 120% of the next fiscal year's debt service requirement.

\$ 475,000

FDEP Revolving Fund Loans

#CS12076905 due in semi-annual installments of \$94,598, including interest of 2.59%. The loan is secured by revenues derived from the operation of the water and sewer systems, after payment of operation and maintenance expense. This loan matures in April of 2015.

\$ 1,204,153

#CS120769060 due in semi-annual installments of \$135,031, including interest of approximately 2.5%. The loan is secured by revenues derived from the operation of the water and sewer systems, after payment of all yearly payment obligations on account of the revolving fund loan #CS12076905. This loan matures in August of 2017.

2,145,904

#WW769070 due in semi-annual installments of \$196,278, including interest of approximately 2.08%. The loan is secured by revenues derived from the operation of the water and sewer systems, after payment of all yearly payment obligations on account of the revolving fund loan #CS12076905 and #CS120769060. This loan matures in February of 2027.

5,959,204

Total FDEP Revolving Fund Loans

\$ 9,309,261

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2008

NOTE 5 – LONG-TERM OBLIGATIONS

Aggregate maturities are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 126,971	\$ 96,519	\$ 792,779	\$ 227,950
2010	28,271	93,360	818,360	205,039
2011	29,633	91,998	839,375	181,390
2012	31,060	90,570	690,681	161,132
2013	32,557	89,074	707,439	144,375
2014-2018	187,882	420,271	2,945,217	476,203
2019-2023	237,727	370,426	1,731,258	231,522
2024-2028	300,804	307,349	1,259,152	50,962
2029-2033	380,629	227,524	-	-
2034-2038	481,651	126,502	-	-
2039-2040	226,735	16,526	-	-
Totals	<u>\$ 2,063,920</u>	<u>\$ 1,930,119</u>	<u>\$ 9,784,261</u>	<u>\$ 1,678,573</u>

Capital Lease Obligations

At September 30, 2008, the City has outstanding capital leases, for equipment, at interest rates ranging from 3% to 6%.

Future lease payments, together with the present value of the minimum lease payments, are summarized in the following tabulation:

Year Ending September 30,	Governmental Activities	Business-type Activities
2009	\$ 85,860	\$ 205,394
2010	85,171	132,009
2011	28,058	97,738
2012	-	83,883
2013	-	83,883
Total Minimum Lease Payments	199,089	602,907
Less: Amount Representing Interest	14,604	63,598
Present Value of Net Minimum Lease Payments	<u>\$ 184,485</u>	<u>\$ 539,309</u>

City of Wildwood, Florida
Notes to Financial Statements
September 30, 2008

NOTE 6 – PENSION PLAN

Plan Description. The City contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706.

Funding Policy. The System is employee noncontributory. The City is required to contribute at an actuarially determined rate. The rates at September 30, 2008 were as follows: Regular Employees 9.85%; Special Risk Employees 20.92%; Senior Management 13.12%; Elected Officials 16.53%. The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. The City's contributions to the System for the years ended September 30, 2008, 2007 and 2006 were \$480,229, \$441,225, and \$312,569, respectively, equal to the required contributions for each year.

NOTE 7 – RISK MANAGEMENT

Public Entity Risk Pool

To manage its risks of loss related to worker's compensation, the City participates in the Preferred Governmental Insurance Trust (the "Trust"), a public entity risk pool currently operating as a common risk management and insurance program for several member governments. The Trust is designed to be self-sustaining through member premiums and reinsurance through commercial companies. There were no significant reductions in insurance coverages from the prior year and settlements have not exceeded coverage in any of the past three years.

Commercial Insurance

The City is exposed to various risks of loss related to general liability, personal injury, property, and errors and omissions for which the City carries commercial insurance. There were no significant reductions in insurance coverages from prior years and settlements have not exceeded insurance coverages in any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

City of Wildwood, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
<u>REVENUES</u>				
Taxes	\$ 2,954,550	\$ 2,887,840	\$ 2,910,511	\$ 22,671
Licenses and Permits	9,400	7,043	9,821	2,778
Intergovernmental	612,600	502,662	543,024	40,362
Charges for Services	797,000	970,938	930,801	(40,137)
Fines and Forfeitures	68,000	49,377	46,805	(2,572)
Miscellaneous	270,614	892,503	677,741	(214,762)
TOTAL REVENUES	4,712,164	5,310,363	5,118,703	(191,660)
<u>EXPENDITURES</u>				
Current:				
General Government	2,574,578	2,157,481	2,176,803	(19,322)
Public Safety	1,674,949	1,789,049	1,814,668	(25,619)
Transportation	856,827	1,169,056	1,185,785	(16,729)
Culture and Recreation	477,045	890,182	906,073	(15,891)
Reserve for Contingency	59,315	767,161	-	767,161
Debt Service	313,513	311,743	311,743	-
TOTAL EXPENDITURES	5,956,227	7,084,672	6,395,072	689,600
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(1,244,063)	(1,774,309)	(1,276,369)	497,940
<u>OTHER FINANCING SOURCES</u>				
Transfers In	877,628	1,125,503	1,145,503	20,000
Capital Leases	16,435	16,435	16,435	-
TOTAL OTHER FINANCING SOURCES	894,063	1,141,938	1,161,938	20,000
NET CHANGE IN FUND BALANCES	(350,000)	(632,371)	(114,431)	517,940
FUND BALANCES – BEGINNING OF YEAR	350,000	632,371	955,061	322,690
FUND BALANCES – END OF YEAR	\$ -	\$ -	\$ 840,630	\$ 840,630

City of Wildwood, Florida
Notes to Required Supplementary Information
For the Year Ended September 30, 2008

The budget was prepared on a basis that did not differ materially from generally accepted accounting principles.

The City's procedures in establishing the budgetary data reflected in the financial statements are generally as follows:

- In July, the Sumter County Property Appraiser notifies the City as to its tentative property tax assessed valuation, from which the City can estimate the property tax resources available and the limitations thereon.
- During August, budget workshops are held to determine proposed expenditures and the means of financing them. The Commission then adopts the proposed property tax millage rate and sets the date, time and place of the first public hearing.
- A public hearing on the tentative budget is held. Within fifteen (15) days of the first public hearing, the City advertises its intention to finalize its budget and millage rate, and a date, time, and place for a public hearing. The second public hearing is convened several days after the final advertisement, at which time the final budget and millage are adopted.
- Appropriations lapse at year-end.
- The fund is the legal level of control.

SUPPLEMENTAL INFORMATION

City of Wildwood, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Community Development Block Grant	Greenwood Cemetery Fund	Law Enforcement Trust Fund	Total Nonmajor Govern- mental Funds
<u>ASSETS</u>				
Cash and Equivalents	\$ -	\$ 23,228	\$ 19,075	\$ 42,303
<u>LIABILITIES</u>				
Due to Other Funds	\$ -	\$ -	\$ 12,406	\$ 12,406
<u>FUND BALANCES</u>				
Unreserved	-	23,228	6,669	29,897
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 23,228	\$ 19,075	\$ 42,303

City of Wildwood, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Community Development Block <u>Grant</u>	Greenwood Cemetery <u>Fund</u>	Law Enforcement Trust <u>Fund</u>	Total Nonmajor Govern- mental <u>Funds</u>
<u>REVENUES</u>				
Intergovernmental	\$ 21,339	\$ -	\$ -	\$ 21,339
Miscellaneous	-	10,220	19,200	29,420
TOTAL REVENUES	21,339	10,220	19,200	50,759
<u>EXPENDITURES</u>				
Public Safety	-	-	5,946	5,946
Physical Environment	-	9,446	-	9,446
Economic Environment	17,320	-	-	17,320
TOTAL EXPENDITURES	17,320	9,446	5,946	32,712
EXCESS OF REVENUES OVER EXPENDITURES	4,019	774	13,254	18,047
<u>OTHER FINANCING USES</u>				
Transfers Out	(8,607)	-	-	(8,607)
NET CHANGE IN FUND BALANCES	(4,588)	774	13,254	9,440
FUND BALANCES, Beginning of Year	4,588	22,454	(6,585)	20,457
FUND BALANCES, End of Year	\$ -	\$ 23,228	\$ 6,669	\$ 29,897

City of Wildwood, Florida
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2008

<u>Federal Agency/Program Title</u>	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Program Totals</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed through the Department of Community Affairs:				
Small Cities Community Development Block Grant	06DB-3K-05-70-02-E06	14.228	\$ 21,239	\$ 21,239
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Passed through the Department of Environmental Protection:				
Capitalization Grants for State Revolving Funds	WW769070	66.458	1,459,223	<u>1,459,223</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,480,462</u>

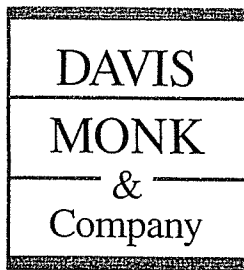
NOTE 1 – BASIS OF PRESENTATION

In the accompanying schedule, expenditures represent allowable costs determined in accordance with generally accepted accounting principles.

NOTE 2 – SUBRECIPIENTS

The City did not provide federal awards to subrecipients.

**ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE
AUDITOR GENERAL**



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Management Letter

The Honorable Mayor
Members of the City Commission
City of Wildwood, Florida

We have audited the financial statements of the City of Wildwood, Florida (the "City") as of and for the fiscal year ended September 30, 2008, and have issued reports thereon dated April 14, 2009. Those reports should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit report. In that regard, the unresolved prior year audit finding is repeated in the accompanying Schedule of Findings as item 08-1.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency". In connection with our audit, we determined that the City has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

Annual Financial Report

As required by the Rules of the Auditor General, we determined that the 2007-2008 annual financial report was filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, and is in substantial agreement with the audit report for the fiscal year ended September 30, 2008.

Members:

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Florida Institute of
Certified Public Accountants

American Institute of
Certified Public Accountants

Horwath International

The Honorable Mayor
Members of the City Commission
City of Wildwood, Florida

Page Two

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

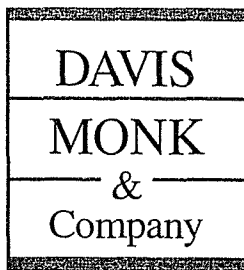
Our audit did not reveal any other matters that we are required to include in this management letter.

This management letter is intended solely for the information and use of the Mayor and City Commissioners, management, and oversight audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Davis, Mosk & Company

April 14, 2009
Gainesville, Florida



Certified Public Accountants
& Business Consultants

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The Honorable Mayor
Members of the City Commission
City of Wildwood, Florida

We have audited the financial statements of the City of Wildwood, Florida (the "City") as of and for the year ended September 30, 2008, and have issued our report thereon dated April 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters**

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings as item 08-1 to be a significant deficiency in internal control over financial reporting.

Members:

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American Institute of
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Horwath International

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency above is considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's response to the finding identified in our audit is described in its accompanying letter of response. We did not audit the City's response and, accordingly, we express no opinion on it.

Communication with Those Charged with Governance

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are sometimes particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are sometimes particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Certain material, corrected misstatements were detected as a result of our audit procedures. These misstatements related to the following:

General Fund

Impact fees received but not yet spent for the intended purposes were adjusted and reported as deferred revenue.

Water/Sewer Fund

Debt proceeds and debt service payments were initially recorded as revenue and expenses. These were adjusted for financial reporting purposes.

Capital asset purchases were initially recorded as expenses but were capitalized as capital assets for financial reporting purposes.

Depreciation expense on capital assets was not recorded for the year. An audit adjustment was made to properly reflect this expense.

The Honorable Mayor
Members of the City Commission
City of Wildwood, Florida

Page Four

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

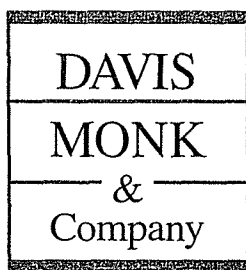
Management Representations

We have requested certain representations from management that are included in the management representation letter.

This report is intended solely for the information and use of the Honorable Mayor and City Commissioners, management and oversight audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Mark J. Company

April 14, 2009
Gainesville, Florida



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Report on Compliance and on Internal Control Over Compliance Applicable to the Major Federal Awards Program

The Honorable Mayor
Members of the City Commission
City of Wildwood, Florida

Compliance

We have audited the compliance of the City of Wildwood, Florida (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2008. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are the responsibility of management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of

The Honorable Mayor
Members of the City Commission
City of Wildwood, Florida

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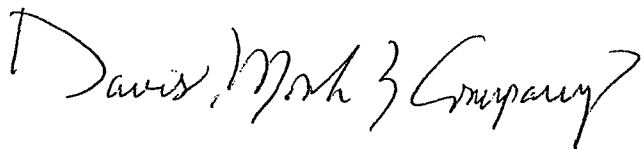
expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Honorable Mayor and City Commissioners, management, and oversight audit agencies and is not intended to be and should not be used by anyone other than these specified parties.



April 14, 2009
Gainesville, Florida

City of Wildwood, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2008

SECTION I – SUMMARY OF AUDITORS' RESULTS

- (i) The independent auditors' report on the financial statements expressed an unqualified opinion.
- (ii) The audit disclosed a significant deficiency in internal control over financial reporting. The deficiency is considered to be a material weakness.
- (iii) The audit did not disclose noncompliance considered material to the financial statements.
- (iv) The audit did not disclose significant deficiencies in internal control over the major federal program.
- (v) The auditors' report on compliance with requirements applicable to the major federal award program expressed an unqualified opinion.
- (vi) The audit did not disclose findings required to be reported under OMB Circular A-133, Section 510(a).
- (vii) The City's major program was:

CFDA Number

Capitalization Grants for
State Revolving Funds

66.458

- (viii) A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
- (ix) The City did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

**City of Wildwood, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2008**

SECTION II – FINANCIAL STATEMENT FINDINGS

Unresolved Prior Year Findings

- 08-1 Condition – Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit* requires auditors to prepare a written communication if they identified misstatements during the audit process or if it was necessary to assist with the preparation of the financial statements. As part of the audit process, we proposed material adjustments to the City's financial statements. It was also necessary for us to assist with the preparation of your financial statements. Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

Recommendation – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process.

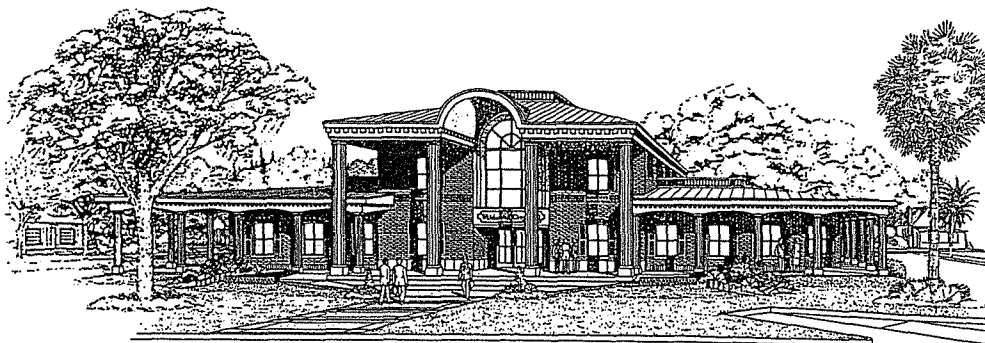
Current Year Findings

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

City of
Wildwood,
Florida



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SUNCOM Prefix: 668
ZIP Code: 34785

CITY HALL

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CITY MANAGER
Extension 109

CITY CLERK/FINANCE
Extension 100

PERSONNEL
Extension 103
330-1339 Fax

CUSTOMER SERVICE
(Utility Accounts)
Extension 130

BUILDING SERVICES
Code/Inspections/Permits
Extension 131
330-1334 Fax

DEVELOPMENT SERVICES
Planning/Zoning/Concurrency
Extension 118
330-1334 Fax

TDD
Extension 130

LIBRARY
310 Palmer Drive
748-1158

COMMUNITY CENTER
6500 County Road 139

POLICE
100 E. Huey Street
330-1355
330-1358 Fax

ANIMAL CONTROL
WOOD WASTE
601 W. Gulf-Atlantic Hwy.
330-1345

REFUSE / STREETS
410 Grey Street
330-1343
330-1353 Fax

WASTEWATER
1290 Industrial Drive
330-1349
330-1350 Fax

WATER
801 E. Huey Street
330-1346
330-1347 Fax

April 14, 2009

Auditor General
Local Government Section Room 401
Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Audit Response- 2008

Dear Auditor General:

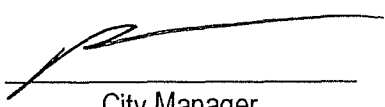
We have evaluated the costs and benefits of establishing enhanced internal controls over the preparation of financial statements in accordance with generally accepted accounting principles. Based on our evaluation, we determined that it is in the best interests of the City to continue to outsource this task to our independent auditors.

We struggled for years to get rid of audit findings, but we find ourselves having to respond only because of new auditing Standards. We find it is to our best interest to have the auditors make adjustments for us to assure a smooth transition from one year to another.


It is our hope that our Governing body realizes that in spite of the finding we again have an excellent audit and that our staff should feel very proud of the accomplishment. The Audit reflects that teamwork and organization leads to success.

We strive to continue to do the very best job we can.

Sincerely,

Signed: 
City Manager

Date: April 14, 2009

Signed: 
City Clerk/Finance Director

Date: April 14, 2009